

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;
Tony Hammond, Vice Chairman;
Mark Acton;
Ruth Y. Goldway; and
Nanci E. Langley

Notice of Market-Dominant
Price Adjustment

Docket No. R2015-4

NOTICE AND ORDER ON RATE ADJUSTMENTS,
CLASSIFICATION CHANGES, AND TEMPORARY
PROMOTIONS FOR MARKET DOMINANT PRODUCTS

(Issued January 20, 2015)

I. INTRODUCTION

On January 15, 2015, the Postal Service filed a notice of inflation-based rate adjustments affecting market dominant domestic and international products and services, along with four temporary mailing promotions and numerous proposed classification changes.¹ The intended effective date is April 26, 2015. Notice at 1.

The Notice, which was filed pursuant to 39 U.S.C. 3622 and 39 CFR part 3010, triggers an expedited notice-and-comment proceeding.² The Notice is also more complex than the typical annual adjustment filing due to the impact of surcharges

¹ United States Postal Service Notice of Market-Dominant Price Adjustment, January 15, 2015 (Notice). The Notice includes a set of attachments filed as a separate public pdf.

² This is a Type 1-A proceeding. See 39 CFR part 3010, subparts A–C for additional information, including the controlling consumer price index, and Notice at 3.

associated with the exigent rate case (Docket No. R2013-11) and the issue of rate design, especially new and merged rate cells.³ The Postal Service addresses the impact on rate design in its Notice. Notice at 16-17. The Postal Service also presents two sets of rates: with and without the exigent surcharges. See *id.*, Attachment A, Part I and Part II.

II. OVERVIEW

A. Filing Details

Contents in general. The Postal Service's filing consists of a detailed Notice which addresses the data and information required under 39 CFR 3010.13; five attachments⁴ to the Notice; and six sets of workpapers filed as library references.

Attachments. Attachment A, Part I presents the proposed Mail Classification Schedule (MCS) changes (in legislative format) with prices that reflect base (Docket No. R2013-10) prices plus the new proposed increases *without* the exigent surcharges. Attachment A, Part II presents the MCS changes with prices (base plus the new proposed increases) that *include* the exigent (Docket No. R2013-11) surcharges.⁵ The other attachments address workshare discounts and related information; the price cap calculation; the 2015 mailing promotions and incentives calendar; and adjusted exigent surcharges for new rate cells. See *id.* Attachments B—E, respectively.

Library references. The library references present supporting financial documentation for the five classes of mail and for First-Class Mail International. See

³ See Docket No. R2013-11, Order No. 1926, Order Granting Exigent Price Increase, December 24, 2013.

⁴ Notice, Attachments A—E. Attachment A also assumes First-Class Mail Parcels, which are the subject of a pending transfer request in Docket No. MC2015-7, are a market dominant product. See Notice at 20, n.12.

⁵ The Postal Service adopts the November 24, 2014 MCS as the base version for showing proposed changes. See *id.* at 53, n.27.

Notice at 4-5. The First-Class Mail International Library Reference was filed under seal.⁶

B. Planned Price Adjustments

The Postal Service's planned percentage changes by class are, on average:

Market Dominant Class	Price Adjustment Authority (%)
First-Class Mail	1.949
Standard Mail	1.886
Periodicals	1.965
Package Services	1.964
Special Services	0.234

Notice at 5.

Nature of adjustments. Most of the planned adjustments entail increases to market dominant rates and fees; however, in a few instances, the Postal Service proposes either no adjustment or a decrease. In addition, price adjustments for products within classes vary from the average, sometimes substantially. See, e.g., *id.* at 17, 21 (Table 5 showing range for First-Class Mail products) and (Table 7 showing range for Standard Mail products).

Proposed classification changes. The Postal Service proposes numerous classification changes in its Notice. *Id.* at 53-55. It identifies the impact on the MCS in Attachment A, Part I and Part II.

Calendar year promotions. The Postal Service seeks approval for the following four promotions for the periods indicated:

- Earned Value Reply Mail Promotion (May–July 2015);
- Advanced and Emerging Technology Promotion (May–October 2015);

⁶ See Notice of the United States Postal Service of Filing of USPS-LR-R2015-4/NP1, January 15, 2015.

- Color Transpromo Promotion (June–November 2015); and
- Mail Drives Mobile Engagement Promotion (July–December 2015).

Id. at 7-8.

Note to all interested persons. The Notice and related filings, including library references, provide important additional details concerning the planned adjustments, mailing promotions, and classification changes. The Commission strongly encourages interested persons to carefully review the Notice and all related filings, including new MCS language relating to changes corresponding to the exigent surcharges, and to monitor the Commission's website for additional information, including potential revisions to the Notice.

III. INITIAL ADMINISTRATIVE ACTIONS

Public notice. The Commission hereby provides public notice of the Postal Service's filing and pursuant to rule 3010.14 establishes Docket No. R2015-4 to consider the planned price adjustments in rates and fees for market dominant postal products and services, as well as the related classification changes, identified in the Postal Service's January 15, 2015 Notice. The Commission invites comments from interested persons on whether the Notice is consistent with 39 U.S.C. 3622 and the requirements of 39 CFR part 3010. Comments are due no later than February 4, 2015.

Availability of documents. The Commission has posted the public portions of the Postal Service's filing on its website at <http://www.prc.gov>. The Commission will post revisions to the filing (if any) or other documents the Postal Service submits in this docket on its website, along with related Commission documents, comments, or other submissions, unless such filings are the subject of an application for non-public treatment. The Commission's policy on access to documents filed under seal appears in 39 CFR part 3007.

Public Representative. Pursuant to 39 U.S.C. 505, the Commission appoints James Waclawski to represent the interests of the general public (Public Representative) in this proceeding.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. R2015-4 to consider planned price adjustments in rates and fees for market dominant postal products and services and related classification changes identified in the Postal Service's January 15, 2015 Notice.
2. Comments on the planned price adjustments and related classification changes are due no later than February 4, 2015.
3. Pursuant to 39 U.S.C. 505, James Waclawski is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
4. The Commission directs the Secretary of the Commission to arrange for prompt publication of this notice in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary